

North Dakota Office of State Tax Commissioner  
**2001 Individual Income Tax**

**Rick Clayburgh**  
**Tax Commissioner**

**Form ND-2**  
**(Optional Method)**

*Important information  
for all taxpayers*

Dear Taxpayer:

North Dakota's individual income tax law was significantly changed for 2001. These changes will affect how you calculate your tax and the forms you use.

North Dakota income tax law still provides for two methods of calculating individual income tax—one on Form ND-1 and the other on Form ND-2 (Optional Method). This booklet contains Form ND-2 (formerly Form 37). You need to know that the two methods are very different and your choice of forms will affect the amount of your tax. For more information, read **Which form to use** on page 3.

The new Form ND-1 booklet was mailed to all taxpayers who filed a North Dakota return for 2000. If you did not receive one, or you are a new filer this year, let us know and we will send one to you.

Through taxpayer feedback we have been able to make filing your North Dakota taxes as easy as can be and the business of processing your return as efficient and cost effective as possible. Contact us if you have any tax-related suggestions, questions, or concerns. You will find contact information on the **back cover** of this booklet.

Thank you,

RICK CLAYBURGH  
TAX COMMISSIONER

**Form 37**  
**(Long Form) users,**  
**please take special note—**

- Form 37 (Long Form) has been renamed Form ND-2 (Optional Method) and placed in its own booklet.
- This new booklet contains the newly named Form ND-2 and its instructions.
- The North Dakota Legislature made significant changes to the individual income tax law for 2001. See **page 1** for details.
- Although you used Form 37 (Long Form) previously, you should consider using Form ND-1, the new income tax form that replaces Form 37-S (Short Form).
  - *Your tax will most likely be lower if you use Form ND-1.*
  - *Over 95 percent of all taxpayers will have a lower tax on Form ND-1 than on Form ND-2.*
  - *Even if you used Form 37 (Long Form) last year, you should consider using Form ND-1 this year.*

## This booklet contains the following forms—

- Form ND-2
- Schedule 2
- Schedule 3

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If you need a form or document not included in this booklet, you may download it from our Web site at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com), or you may call or write for one—see the back cover of this booklet for the numbers and address.



## Please note the following booklet changes for 2001:

- The Form ND-2 in this booklet replaces Form 37, the long form.
- Form 37-S, the short form, has been renamed Form ND-1, and has been placed in a separate booklet.

## *Do you have a use tax reporting and payment requirement?*

**D**id you purchase goods from outside North Dakota or outside the U.S?

If you did, you may have to pay North Dakota sales tax (and applicable city sales tax) on those goods.

Technically, what you have to pay is called a use tax. It applies to the same goods which are subject to North Dakota's sales tax. The use tax applies whether you purchase goods in person at an out-of-state location, or by mail, phone or the Internet.

If you didn't pay any sales tax, or you paid tax to another country, at the time of purchase, you must pay the use tax at North Dakota's sales tax rate on the total purchase. Or, if you did pay sales tax to another state at the time of purchase, but you paid less than what you would have paid in North Dakota, the difference is the amount of use tax you must pay. If applicable, city sales taxes must be included in the calculation.

If this applies to you, you must complete and file a North Dakota Use Tax Return (Form F22). To obtain one, call the North Dakota Sales and Special Taxes Division at **(701) 328-3389**, or download it from our Web site at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com).

**Privacy Act information.** In compliance with the Federal Privacy Act of 1974 (Public Law 93-579), the disclosure of the individual's social security number on the North Dakota income tax return and any required schedules is mandatory and is required under subsections 1 and 7 of North Dakota Century Code § 57-38-31. An individual's social security number is used as an identification number by the North Dakota Office of State Tax Commissioner for file control and recordkeeping purposes, and for cross-checking the individual's files with those of the Internal Revenue Service.

# Changes affecting you and your income tax

Developments, updates, and items of interest relating to individual income tax

## 2001 legislation affecting your income tax

Significant changes were made to the individual income tax law that will directly affect the majority of taxpayers. Following is a summary of those changes.

### House Bill 1399

#### Short form income tax system overhauled

The 2001 legislature completely revised the law which provided for the short form method of filing for individuals on Form 37-S. The method of calculating the tax as well as the tax rates were changed. These changes are effective for tax years beginning on or after January 1, 2001. The changes were made to prevent a state revenue shortfall that would have resulted from the federal tax rate cuts enacted in 2001.

#### New forms

To implement the changes, a new tax form called Form ND-1 was created. The new form replaces Form 37-S (Short Form) starting with the 2001 tax year.

There are three new supplemental schedules for Form ND-1. Schedule ND-1NR, Tax Calculation For Nonresidents And Part-Year Residents, is a new supplemental schedule that must be completed and attached to Form ND-1 by all full-year nonresidents and part-year residents. In addition to showing the portion of their federal adjusted gross income that is reportable to North Dakota, these individuals will calculate their North Dakota income tax on this new schedule. (Note: Schedule ND-1NR replaces Schedule NR for purposes of Form ND-1.)

A second new supplemental schedule is Schedule ND-1CR, Calculation Of Credit For Income Tax Paid To Another State. This schedule replaces Schedule 4 for purposes of Form ND-1. In addition to the schedule's new look, there is a change in the form to accommodate its use by part-year residents who pay income tax to another state on income received during the period of their residency in North Dakota. *(Note: Starting in 2001, a new part-year residency status was added to the individual income tax return for those individuals who move into or out of North Dakota during the tax year.)*

The third new supplemental schedule is form Schedule ND-1FA, 3-Year Averaging Method For Elected Farm Income. This schedule may be used by individuals who used Schedule J (Form 1040), the federal income averaging method for elected farm income, to calculate their federal income tax.

#### New tax rates

The single tax rate of 14% (which was applied to an individual's federal income tax liability before credits) has been replaced with a set of five tax rates—2.1%, 3.92%, 4.34%, 5.04%, and 5.54%. Each of the five tax rates corresponds to one of five income brackets (or income ranges). The income range in each of the brackets varies depending on the individual's filing status, i.e., single, married filing jointly, etc.

#### New starting point for tax calculation

The new tax rates are applied to an individual's North Dakota taxable income. The North Dakota taxable income for the majority of individuals will be the same as their federal taxable income. In addition, a tax table is provided which most individuals will use to look up their tax, eliminating the need to do any tax calculations.

A number of individuals, though, will need to make one or more adjustments to federal taxable income to determine their North Dakota taxable income. An addition for certain lump-sum distributions from qualified retirement plans and a subtraction equal to 30 percent of a net long-term capital gain are two of the special adjustments under the new income tax system.

Another feature of the new tax system is a credit equal to 14 percent of the eligible unused federal credit for prior year minimum tax claimed on the federal income tax return.

#### Two systems still in place

It is important to note that the 2001 legislature did not change or remove what has been known as the long form method of filing on Form 37. This means that North Dakota is still unique among the states in having two separate individual income tax systems. To help individuals distinguish between the two systems, the forms for the two systems have been placed in separate booklets starting this year. In addition, the Form 37 (Long Form) has been renamed Form ND-2 (Optional Method).

While the two systems now share some of the same characteristics—most notably, the federal taxable income starting point—differences remain under each system. Most importantly, the amount of tax calculated under each system will be different. It cannot be emphasized enough that the majority of taxpayers will calculate the lowest tax under the new system on Form ND-1. Even those individuals who used Form 37 (Long Form) last year are advised to look into filing Form ND-1 for 2001. For more information on which form should be used, see [Which form to use](#) on page 3.

# Changes affecting you and your income tax (continued)

## House Bill 1078

### Estimated income tax thresholds lowered

The estimated income tax requirements for individuals were changed to increase the de minimis threshold from \$200 to \$500. This means that if an individual's net tax liability for the preceding tax year was less than \$500, or the individual expects to owe a tax amount (*after subtracting withholding*) of less than \$500 for the current tax year, the individual does not have to pay estimated tax for the current tax year. This change is effective for tax years beginning on or after January 1, 2001.

## House Bill 1413

### Seed capital investment tax credit limitations revised (Effective for 2002 tax year)

The seed capital investment credit provisions were changed to remove several limitations to make them more attractive to both businesses and taxpayers. In addition to making it easier to become a qualified business for purposes of the credit, the credit will be allowed on both Form ND-1 and Form ND-2 so that individuals using either form can take advantage of the credit.

These and other changes to the seed capital investment credit provisions are effective for tax years beginning on or after January 1, 2002. For information about setting up a qualified business, contact the Division of Economic Development and Finance, ND Department of Commerce, at (701) 328-5300. For information about the credit, contact the Office of State Tax Commissioner—see back cover for contact information.

## Senate Bill 2033

### Renaissance zone exemptions and credits expanded

North Dakota's renaissance zone law was changed to clarify certain provisions and to enhance the tax benefits.

- The provision allowing a \$10,000 income tax credit for purchasing a single-family residence was broadened to include a qualifying rehabilitation of a residence already owned by the individual.
- The business and investment income exemption provisions were expanded to include qualifying rehabilitations of residential and commercial property.
- The definition of a lease for purposes of the business income exemption was revised to include the leasing of space in a zone by (1) a new business moving into the zone, (2) an existing business in the zone that needs the additional space for an expansion, and (3) an existing tenant who continues a lease in a building in the zone that is the subject of a rehabilitation zone project.
- A new income tax credit up to \$2,000 was added for individuals who purchase or expand a business in a zone.
- The tax credit allowed for the preservation or renovation of historical property was changed from 50 percent to 25 percent of the amounts invested in the project, with a maximum credit of \$250,000 allowed per project. The first year in which the credit is allowed is the tax year in which the preservation or renovation work is completed. Also, the provision that limited the credit to investments made through December 31, 2004, was removed.

Various effective dates apply to the revisions. For more information on the renaissance zone tax incentives, obtain the guideline *North Dakota Renaissance Zone Tax Incentives* from our Web site at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com).

For information on North Dakota Renaissance Zones in general—such as the establishment of a zone, project application, etc.—contact the Division of Community Services, North Dakota Department of Commerce at (701) 328-2094.

## Senate Bill 2386

### Agricultural commodity facility investment tax credit

A new income tax credit was created for individuals who invest in a qualified business that owns and operates an agricultural commodity processing facility in North Dakota. The tax credit is equal to 30 percent of the first \$20,000 invested during the tax year. No more than 50 percent of the credit is allowed in a tax year. The credit is limited to 50 percent of the individual's tax liability for the tax year. An unused credit may be carried over to the following fifteen tax years. The credit is allowed on both Form ND-1 and Form ND-2. The credit is effective for tax years beginning on or after January 1, 2001.

For information about setting up a qualified business, contact the Division of Economic Development and Finance, ND Department of Commerce, at (701) 328-5300. For information on the credit, contact the Office of State Tax Commissioner—see [back cover](#) for contact information.

# 2001 Form ND-2 instructions

General and specific line instructions for Form ND-2 (Optional Method)



*Are you sure Form ND-2 is the right form to use?  
If not, you may pay too much tax!*

See **Which form to use** on this page before using Form ND-2.

## General instructions

This section provides information on selecting the right form, filing requirements, procedures for obtaining an extension, estimated tax requirements, correcting a return, and other general information.

### Which form to use

It is important to note that North Dakota income tax law provides for two methods of calculating the individual income tax. The two methods are implemented on two different forms—Form ND-1 and Form ND-2. (This booklet contains Form ND-2 and its instructions.)

#### **Your choice of forms will affect the amount of your tax!**

The two forms (and their respective calculation methods) are governed by different provisions of North Dakota income tax law. The calculation method and tax rates are different under each method. Your choice of forms is important because **you will calculate a different tax under each one!** For the majority of individuals—over 95 percent—the tax will be lowest on Form ND-1.

#### **So, which form should I use?**

Generally, you should use Form ND-1. If you used Form 37-S (Short Form) last year, you should use Form ND-1 for 2001. And even if you used Form 37 (Long Form) last year, you should consider using Form ND-1 for 2001 because your tax may be lower on Form ND-1.

#### **Who should use Form ND-2?**

Very few individuals—less than 5 percent—will benefit from using Form ND-2. This form should be used only if it produces a tax that is lower than the tax calculated on Form ND-1. Although you calculate a North Dakota taxable income on both forms, do not use this number to determine which form to use. The most significant difference is found in the tax rates, which are much lower on Form ND-1.

#### **Shouldn't I use Form ND-2 if I have one of the deductions or credits on Form ND-2?**

Not necessarily. There are a number of special deductions, exclusions, and credits that may be claimed only if Form ND-2 is used. As a general rule, they are usually not enough to offset the higher tax rates on Form ND-2. Some taxpayers will benefit from using Form ND-2, but we estimate that they make up less than 5 percent of all individual filers.

If in doubt as to which form to use, use Form ND-1. If you find later that your tax would have been lower on Form ND-2, you have the option of filing an amended return (within three years) to change forms.

### **Filing Tip:**

*Have you checked out Form ND-1?  
Over 95 percent of taxpayers will  
have the lowest tax on the new  
Form ND-1.*

## Who must file

### **Full-year resident**

If you were a full-year resident of North Dakota for the 2001 tax year and you are required to file a 2001 federal individual income tax return, you must file a 2001 North Dakota individual income tax return. This applies even though you may have worked outside North Dakota (including employment overseas) during the tax year, or all of your income is derived from sources outside North Dakota. You were a full-year resident of North Dakota if you were a resident of North Dakota for the entire tax year, or you meet the statutory 7-month rule.

**Definition of resident** — For North Dakota individual income tax purposes, you are a resident of North Dakota if you are domiciled in North Dakota. Domicile is your residence by law. It is commonly referred to as your legal residence. It generally means the place that is your permanent home to which you always intend to return whenever absent from it. If you have more than one physical place of abode, only one of them may be your domicile. Domicile is based on your intent and your actions.

**Statutory 7-month rule**— If you are not domiciled in North Dakota for any part of the tax year, you are deemed by law to be a full-year resident of North Dakota if you maintain a permanent place of abode in North Dakota and spend more than 210 days of the tax year in North Dakota. A permanent place of abode means a house, apartment, or other dwelling containing cooking and bathroom facilities that is suitable for year-round living and is maintained on a permanent or indefinite basis. This 7-



month rule does not apply to individuals on active duty in the U.S. armed forces who are domiciled in another state, nor does it apply to Minnesota or Montana residents covered under the income tax reciprocity agreements with those states.

### **Residents in U.S. armed forces**

If you are a full-year resident of North Dakota serving in the U.S. armed forces and you are required to file a 2001 federal individual income tax return, you must file a 2001 North Dakota individual income tax return. This applies even though you were stationed outside North Dakota during the tax year. As a North Dakota resident, your income from all sources is subject to North Dakota income tax to the same extent that it is taxable on your federal return.

### **Full-year nonresident**

If you were a full-year nonresident, you must file a 2001 North Dakota individual income tax return if **both** of the following apply:

- You are required to file a 2001 federal individual income tax return.
- You derived gross income from North Dakota sources during the tax year. (See the box on page 5 for what is included in gross income from North Dakota sources.)

You were a full-year nonresident if you were not a resident of North Dakota for any part of the tax year, and you do not meet the statutory 7-month rule.

### **Nonresidents in U.S. armed forces**

If you are a full-year nonresident of North Dakota serving in the U.S. armed forces and you are stationed in North Dakota, your military compensation is not subject to North Dakota income tax. If your only gross income from North Dakota sources is your military compensation, you do not have to file a North Dakota individual income tax return. However, if you have other types of gross income from North Dakota sources, you must file a North Dakota individual income tax return if you meet the full-year nonresident filing requirement.

### **Minnesota or Montana resident**

If you are a Minnesota resident, you do not have to file a North Dakota individual income tax return if **both** of the following apply:

- Your only gross income from North Dakota sources was compensation for personal or professional services.
- You returned to your home in Minnesota at least once each month during the time you worked in North Dakota.

If you are a Montana resident, you do not have to file a North Dakota individual income tax return if your only gross income from North Dakota sources was wages. See **Minnesota and Montana residents** on this page for more information.

### **Nonresident alien**

If you are a nonresident alien of the United States and you derived gross income from North Dakota sources, you must file a North Dakota individual income tax return. Except where an income tax treaty between the United States and a foreign country specifically exempts income from state taxation, income tax treaties between the U.S. and foreign countries do not apply for North Dakota income tax purposes. Therefore, you may have to pay North Dakota income tax on income derived from North Dakota sources even though the income is exempt from U.S. income tax because of a treaty. For more information, including the instructions on how to complete the North Dakota return, obtain the *Income Tax Guideline: Taxation of Nonresident Aliens*.

### **Part-year resident**

If you were a part-year resident of North Dakota, you must file a 2001 North Dakota individual income tax return if **both** of the following apply:

- You are required to file a 2001 federal individual income tax return.
- You derived gross income from **any** source inside or outside North Dakota while you were a resident of North Dakota, or you derived gross income

from North Dakota sources while you were a nonresident of North Dakota. (See the box on page 5 for what is included in gross income from North Dakota sources.)

You were a part-year resident of North Dakota if you were a resident of North Dakota for only part of the year. This generally applies if you moved into or out of North Dakota and the move constituted a change in your legal residence. See **Definition of resident** on page 3.

## **Native Americans**

If you are a Native American, you are not subject to North Dakota income tax and do not have to file a North Dakota income tax return if **all** of the following apply:

- You are enrolled as a member of a federally-recognized Indian tribe.
- You live on the Indian reservation where enrolled.
- You derive all of your income from sources on the Indian reservation where enrolled.

If any of the above criteria are not met, you may be subject to North Dakota income tax. For more information, obtain the *Income Tax Guideline: Income Taxation of Native Americans*.

## **Minnesota and Montana residents**

North Dakota has income tax reciprocity agreements with the states of Minnesota and Montana. If certain conditions in the agreements are met, a resident of North Dakota does not have to pay income tax on compensation received for work performed in Minnesota or Montana, and a resident of Minnesota or Montana does not have to pay income tax on compensation received for work performed in North Dakota. The conditions for exemption under each agreement and the procedures for filing are explained in the following paragraphs.

**Minnesota and Montana residents**

If you are a resident of Minnesota and you maintain a permanent home in Minnesota to which you return at least once each month during the time you work in North Dakota, the compensation that you receive for personal or professional services performed in North Dakota is not taxable by North Dakota.

If you are a resident of Montana, wages that you receive for work performed in North Dakota are not taxable by North Dakota.

If you received wages covered by reciprocity, and your employer withheld North Dakota income tax from them, you must file a North Dakota individual income tax return at the end of the tax year to obtain a refund of the amount withheld. If this applies to you and you do not have any other gross income from North Dakota sources, obtain Form ND-1 and complete it according to the instructions in the Form ND-1 instruction booklet. Do not use Form ND-2.

If your wages are covered by reciprocity and you do not want your employer to withhold North Dakota income tax from them, you must complete and give to your employer a North Dakota Form NDW-R. Ask your employer for this form.

**North Dakota residents**

If you are a resident of North Dakota and you maintain a permanent home in North Dakota to which you return at least once each month during the time you work in Minnesota, the compensation that you receive for personal or professional services performed in Minnesota is not taxable by Minnesota. Also, wages that you receive for work performed in Montana while a resident of North Dakota are not taxable by Montana.

If you received wages covered by reciprocity and your employer withheld Minnesota or Montana income tax from them, you must file an income tax return with Minnesota or Montana to obtain a refund of the amount withheld.

## Gross income from North Dakota sources (for full-year nonresidents and part-year residents only)

For full-year nonresidents and part-year residents, gross income from North Dakota sources includes:

- Compensation for services performed in North Dakota, such as wages, salaries, tips, commissions, and fees.
- Income from tangible property in North Dakota, such as rents, royalties, and gain from the sale or exchange of the property.
- Income from a sole proprietorship, partnership, S corporation, or other trade or business carried on in North Dakota.
- Income from an estate or trust, but only to the extent the income is derived from tangible property or a trade or business in North Dakota.
- Income from gambling activity carried on in North Dakota.

**Exceptions**

Gross income from North Dakota sources does not include the following items if received while a nonresident of North Dakota: military pay, interest, dividends, pensions, annuities, gain from the sale or exchange of intangible property, or compensation for services performed in North Dakota by an individual who performs regularly assigned duties in more than one state for an interstate motor carrier (as defined in 49 U.S.C. 11504).

**Note:** *Interest, dividends, gain from the sale or exchange of intangible property, and other income from intangible property are included in gross income from North Dakota sources to the extent they are derived from a sole proprietorship, partnership, S corporation, or other trade or business carried on in North Dakota.*

If your wages are covered by reciprocity and you do not want your employer to withhold Minnesota or Montana tax from them, you must give your employer a properly completed Minnesota Form MW-R or Montana Form NR-2, whichever applies. For assistance and forms, contact:

- Minnesota Department of Revenue  
Taxpayer Information Division  
St. Paul, MN 55146-4450  
Phone: 1-800-652-9094
- Montana Department of Revenue  
PO Box 5805  
Helena, MT 59604-5805  
Phone: (406) 444-6900

Mail your return and all required attachments in the preaddressed envelope provided in this booklet. If you don't have a preaddressed envelope, mail your return to:

Office of State Tax Commissioner  
State Capitol  
600 E. Boulevard Ave., Dept. 127  
Bismarck, North Dakota 58505-0550

**Extension of time to file**

You may obtain an extension of time to file your North Dakota individual income tax return by obtaining either a federal extension or a North Dakota extension.

**Federal extension**

If you obtain an extension of time to file your federal return, it will be recognized for North Dakota purposes. This includes the automatic 2-month extension to June 15 allowed for being outside the U.S. on April 15. You do not have to file a separate state extension form or notify the Office of State Tax Commissioner that you have applied for a federal extension prior to filing your North Dakota return.

**When and where to file**

If you are filing on a calendar year basis—January 1 through December 31—you must file your 2001 North Dakota individual income tax return on or before April 15, 2002. If you are filing on a fiscal year basis, you must file on or before the 15th day of the fourth month following the close of your fiscal tax year. If the due date falls on a Saturday, Sunday or holiday, you have until the next day that is not a Saturday, Sunday, or holiday to file your return.

However, at the time that you file your North Dakota return, you must attach a copy of the federal extension form (or statement required by the IRS in the case of the automatic 2-month extension) to your North Dakota return. Be sure to check the box next to “Extension” in the top right-hand corner of your return.

### North Dakota extension

If you do not obtain a federal extension, but need additional time to file your North Dakota return, you may apply for a North Dakota extension by completing and filing Form 101. This is not an automatic extension—you must have good cause to request a North Dakota extension. Form 101 must be postmarked on or before the due date of your return. You will be notified whether your extension request is approved or rejected. If approved, attach a copy of the approved extension form to your return. Be sure to check the box next to “Extension” in the top right-hand corner of your return.

### Extension interest

If you file your North Dakota return on or before the extended due date, and you pay any tax balance due with the return, no penalty will be charged. However, interest on any tax due on the return will be charged at the rate of 12% per year from the original due date of your return to the earlier of the date you file your return or the extended due date.

### Prepayment of tax due

If you are applying for (or have) an extension of time to file, but you would like to submit a payment for the amount of tax you expect to owe before you file your return, please send your check (or money order) separately with a letter containing the following:

- Your name.
- Your social security number.
- Your address and phone number.
- Statement that your payment is a prepayment of your 2001 North Dakota individual income tax.

Alternatively, you may submit your payment with the 4th quarter estimated tax payment voucher from the 2001 Form 400-ES.

## Penalty and interest

The full amount of your tax due must be paid by the due date (without extension) of your return to avoid penalty and interest charges. However, if you obtained an extension of time to file your return, you may pay the tax due by the extended due date of the return without penalty, but interest will apply—see [Extension of time to file](#) on this page.

If you pay your tax due after the due date (or extended due date, if applicable), a penalty equal to 5% of the tax due (with a minimum of \$5.00) will be charged. In addition, interest will be charged at the rate of 1% per month or a fraction of a month (except for the month in which the tax was due) until the tax is fully paid.

## Copy of federal return

By law, you must attach a complete copy of your federal income tax return to your North Dakota return. A complete copy consists of Form 1040EZ, 1040A, or 1040 along with any supplemental forms and schedules. You do not have to include depreciation schedules or any other statements that you may have prepared as supporting documentation. If you used IRS’s TeleFile system, attach a copy of the TeleFile Tax Record that you completed for that purpose.

## Correcting your return

If you need to correct your North Dakota return after you file it, you must file an amended return. There is no special form for this purpose. See [How to prepare an amended return](#) on this page for step-by-step instructions.

If a correction results in an overpayment of tax, you generally have three years after you file your original return to file an amended return to claim a refund of the overpayment. There are other time periods that may apply, such as in the case of a net operating loss carryback, a 25% overstatement of tax, or an IRS audit. For more information, contact the Office of State Tax Commissioner.

## Filing Tip:

You can get a copy of the *North Dakota Taxpayer Bill of Rights* by contacting the Office of State Tax Commissioner or visiting our Web site at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com).

## Change to federal return

By law, you must file an amended North Dakota return to report changes made to your federal return. This applies whether the changes are attributable to your filing of an amended federal return, or an audit or correction by the Internal Revenue Service (IRS). The amended North Dakota return must be filed within 90 days after filing the amended federal return or within 90 days after the final determination of the IRS changes.

## How to prepare an amended return

1. Obtain the appropriate North Dakota individual income tax return for the tax year affected by the changes. For tax years before 2001, this will be either Form 37-S or Form 37. Starting with the 2001 tax year, you will use either Form ND-1 or Form ND-2.
2. Enter your name, address, social security number, and other information required on the top portion of the return. Be sure to use your current address on the amended return.
3. Indicate that the return is an amended return by checking the box (or filling in the circle) next to “Amended” in the top right-hand corner of your return.



4. Using the corrected information, complete the return through the net tax liability line.
5. On the estimated tax payment line, enter the net tax liability shown on your original return or previously filed amended return.
6. Complete the remaining portion of the return according to the instructions. On an amended return, you may not adjust the amount of any voluntary contribution to the wildlife or trees funds, nor the amount of an overpayment applied to the next year's estimated tax.
7. Attach a statement explaining why you are correcting your return. If you are correcting your return because of changes made to your federal return by you or the IRS, attach a copy of the amended federal return or IRS notice.

## Estimated tax requirement

You must pay estimated North Dakota income tax for the 2002 tax year if **all** of the following conditions apply:

1. You are required to pay estimated federal income tax for 2002.
2. Your net tax liability for 2001 is \$500 or more. (*If you were not required to file a North Dakota return for 2001, you do not have to pay estimated tax for 2002.*)
3. You expect to owe (*after subtracting any estimated North Dakota income tax withholding*) at least \$500 in tax for 2002.
4. You expect your North Dakota income tax withholding for 2002 to be less than the smaller of the following:
  - (a) 90% of your 2002 net tax liability.
  - (b) 100% of your 2001 net tax liability. If you moved into North Dakota during 2001 and had no income from North Dakota prior to the move, this 100% threshold does not apply; you must satisfy the 90% threshold in part (a).

In general, one-fourth (25%) of the total estimated tax required to be paid for the 2002 tax year must be paid by April 15, June 15, and September 15, 2002, and January 15, 2003.

If you are required to pay estimated tax, obtain the *2002 Form 400-ES, Estimated income tax—individuals*. If you paid estimated tax for 2001, a 2002 Form 400-ES will automatically be mailed to you in early 2002.

## Specific line instructions for Form ND-2

### How to complete Form ND-2

#### Step 1

Complete the top portion of Form ND-2 as instructed later on this page.

#### Step 2

Calculate your North Dakota taxable income on the appropriate schedule as follows:

- If you were a full-year resident, you must complete Schedule 2 according to the instructions on page 8. Schedule 2 is on the reverse side of Form ND-2.
- If you were a full-year nonresident or a part-year resident, you must complete Schedule 3 according to the instructions on [page 11](#). Schedule 3 is a separate form included in this booklet.

#### Step 3

Complete the Tax Computation Schedule on the front of Form ND-2 according to the instructions on [page 14](#).

### Tax year

Your tax year for North Dakota income tax purposes must be the same as the tax year used for federal income tax purposes. If you used a fiscal tax year for federal income tax purposes, enter the dates of your fiscal tax year from your federal return in the spaces provided at the top of Form ND-2.

### Name and address

Print or type your full name and address in the spaces provided on the return. If you are married and are filing a joint return, include your spouse's full name.

### Social security number(s)

Print or type your social security number (and your spouse's social security number, if married) in the spaces provided on the return. Omitting one or both numbers, or entering an incorrect number, will delay the processing of your return.

## Filing Tip:

*Make sure your social security number is entered correctly.*

### Filing status

Check the box next to the filing status that you used on your federal individual income tax return.

### Exception for joint filers with

**different states of residence**—If you and your spouse are filing a joint federal income tax return and had different states of residence (one of which is North Dakota) for the 2001 tax year, special filing procedures apply. For purposes of this exception, you and your spouse had different states of residence if you fall into one of the following categories:

- **Full-year resident/Full-year nonresident**—One spouse is a full-year ND resident and the other spouse is a full-year nonresident.
- **Full-year resident/Part-year resident**—One spouse is a full-year ND resident and the other spouse is a part-year ND resident.
- **Part-year resident/Full-year nonresident**—One spouse is a part-year ND resident and the other spouse is a full-year nonresident.

If this exception applies to you, check the filing status "Married filing separate return" and obtain Schedule SF for instructions on how to complete the North Dakota return.

**Residency status**

For your residency status, check the box next to:

- **Full-year resident**, if you were a resident of North Dakota for the entire 2001 tax year, or you meet the statutory 7-month rule.
- **Full-year nonresident**, if you were not a resident of North Dakota for any part of the 2001 tax year, and you do not meet the statutory 7-month rule.
- **Part-year resident**, if you were a resident of North Dakota for only part of the 2001 tax year.

See [Definition of resident](#) and [Statutory 7-month rule](#) on [page 3](#) for more information.

**Income source code**

From the following list, select the code number that most closely corresponds to the area from which you derived the majority of your income for the 2001 tax year.

Source of income	Code number
Farming, ranching, or agricultural production .....	<b>1</b>
Retail, wholesale trade, and eating and drinking places .....	<b>2</b>
Federal, state, county, or city government service .....	<b>3</b>
Public or private education .....	<b>4</b>
Accounting, legal, health, motel, and other personal or professional services not classified elsewhere ...	<b>5</b>
Construction .....	<b>6</b>
Manufacturing .....	<b>7</b>
Transportation, communication, and public utilities .....	<b>8</b>
Exploration, development, and extraction of coal, oil, and natural gas .....	<b>9</b>
Banking, insurance, real estate, and other financial services .....	<b>10</b>
Military service .....	<b>11</b>
Retirement (Pensions, annuities, IRAs, etc.) ....	<b>12</b>

**School district code**

Select the code number from the list on [page 16](#) for the school district in which you resided during the tax year and enter it in the boxes provided on the return. If

you resided in more than one school district during the tax year, enter the code number for the school district in which you resided for the greater amount of time.

**Federal estimated tax requirement**

If you were required to make a payment of estimated federal income tax for any part of the 2001 tax year, you must check the box next to "Yes." This applies whether or not you actually made the required payment. Otherwise, check the box next to "No."

**Amended and extension checkoffs**

Check the box next to "Amended" *only if* you are completing this return for the purpose of correcting a return you previously filed for the 2001 tax year. See [Correcting your return](#) on [page 6](#) for more information.

Check the box next to "Extension" *only if* you have an extension to file your North Dakota return. See [Extension of time to file](#) on [page 5](#) for more information and required attachment.

**Specific line instructions for Schedule 2****Full-year resident only****Line 2 - Interest from state and local obligations**

Except for interest from obligations of the state of North Dakota and its political

subdivisions, enter interest income from state and local government obligations which is exempt from federal income tax.

**Line 3 - State and local income taxes**

Enter the amount of state and local income taxes deducted on your federal income tax return. If a portion of your itemized deductions claimed on your federal return was disallowed because your federal adjusted gross income exceeded \$132,950 (\$66,475, if married filing separate return), complete the [worksheet](#) on this page.

**Line 4 - Other additions**

The following items must be included on this line:

- Taxable portion of a lump-sum distribution from a qualified retirement plan that you elected to report on Federal Form 4972. This includes both the ordinary income and capital gain portions.
- Loss from a pass-through entity subject to North Dakota's financial institution tax. If you hold an interest in this type of entity, the entity is required to provide you with a statement informing you about this adjustment. For more information, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement you received from the entity.**

**Worksheet for line 3 of Schedule 2**

- |                                                                                                       |                    |
|-------------------------------------------------------------------------------------------------------|--------------------|
| <b>A.</b> Amount of state and local income taxes from Schedule A (Form 1040), line 5 .....            | _____              |
| <b>B.</b> Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions ..... | _____              |
| <b>C.</b> Divide line <b>A</b> by line <b>B</b> .....                                                 | ____ ÷ ____ = ____ |
| <b>D.</b> Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions ..... | _____              |
| <b>E.</b> Multiply line <b>D</b> by line <b>C</b> .....                                               | _____              |
| <b>F.</b> Subtract line <b>E</b> from line <b>A</b> . Enter this amount on line 3 of Schedule 2 ..... | _____              |

**Line 7 - U.S. obligation interest**

The following items may be entered on this line:

- Interest income from U.S. obligations.
- Interest income from federal securities that is specifically exempted from state income tax by federal statute.
- The portion of dividend income from a mutual fund that is attributable to interest from U.S. obligations and other federal securities that is specifically exempted from state income tax by federal statute.

Common sources of interest from U.S. obligations include:

- U.S. savings bonds.
- U.S. Treasury bonds, bills, and notes.
- Securities issued by—
  - Banks for cooperatives
  - Commodity Credit Corporation
  - Federal Deposit Insurance Corporation
  - Federal Farm Credit System
  - Federal Home Loan Banks
  - Federal Intermediate Credit Banks
  - Federal Land Banks
  - Federal Savings & Loan Insurance Corporations
  - Student Loan Marketing Association

**Do not** enter on this line interest income from securities issued by the following agencies:

- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Federal National Mortgage Association (Fannie Mae)
- Government National Mortgage Association (Ginnie Mae)

**Attach a statement identifying the specific securities from which you derived the interest amount entered on this line.**

**Line 8 - Military pay exclusion**

Enter up to \$1,000 of your military pay received for active duty service in the U.S. armed forces, or for attending periodic training for drill and instruction

as a member of the National Guard or a reserve unit of the U.S. armed forces. This exclusion is allowed only to the extent that your military pay is included in federal taxable income (on line 1, Schedule 2).

**Line 9 - Additional military pay exclusion for overseas duty**

If you are a member of the U.S. armed forces who served overseas for at least thirty days during the tax year, enter up to \$300 of your military pay for each month (or fraction of a month) you were overseas. You are considered to have served overseas if you were stationed outside the United States and the District of Columbia.

This exclusion is allowed only to the extent that your military pay is included in federal taxable income (on line 1, Schedule 2). The total of this exclusion and the exclusion on line 8 (military pay exclusion) may not exceed the total of your active duty military pay.

Field grade and general officers are not eligible for this exclusion. Field grade and general officers are persons with a rank of: Major or higher in the U.S. Army, Air Force, or Marines; Lieutenant commander or higher in the U.S. Navy; and Surgeon or higher in the U.S. Public Health Service.

**Line 10 - Military retirement pay exclusion**

If you received military retirement pay for service in the U.S. armed forces (including the Coast Guard) or any of its reserve components, and you are at least 50 years old, enter up to \$5,000 of your military retirement pay. This exclusion is allowed only to the extent that your military retirement pay is included in federal taxable income (on line 1, Schedule 2). If you also received social security benefits, you must reduce the amount otherwise deductible on this line by the amount of your social security benefits.

**Line 11 - Other retirement pay exclusions**

Enter up to \$5,000 of your retirement pay received from the following sources:

- Federal government pension fund
- North Dakota city firefighters relief associations
- North Dakota city policemen's pension funds
- North Dakota highway patrolmen's retirement system

This exclusion is allowed only to the extent that your retirement pay is included in federal taxable income (on line 1, Schedule 2). If you also received social security benefits, you must reduce the amount otherwise deductible on this line by the amount of your social security benefits.

**Lines 12, 13, and 14 - Beginning farmer deductions**

Deductions are available for selling or leasing farmland to a qualifying beginning farmer. To determine if you qualify, obtain the *Income Tax Guideline: Beginning Farmer Income Tax Deductions*. If you qualify, you must complete a *Beginning Farmer Statement* and attach it to your return.

- **Line 12 - Interest deduction**

Enter interest income derived from a qualifying contract for deed for the sale of 80 or more acres of farmland to a qualifying beginning farmer.

- **Line 13 - Rental deduction**

Enter up to \$25,000 of net rental income derived from a qualifying contract for the lease of 20 or more acres of farmland to a qualifying beginning farmer.

- **Line 14 - Gain deduction**

Enter the taxable part of a gain from the sale of 20 or more acres of farmland to a qualifying beginning farmer.

**Line 15- Interest from financial institution**

Enter up to \$300 (\$600, if married filing joint) of interest income received from a bank, credit union or similar financial institution located in North Dakota.

**Lines 16, 17, and 18 - Beginning businessman deductions**

Deductions are available for selling or leasing a revenue-producing enterprise to a qualifying beginning businessman. To determine if you qualify, obtain the *Income Tax Guideline: Beginning Businessman Income Tax Deductions*. If you qualify, you must complete a *Beginning Businessman Statement* and attach it to your return.

- **Line 16 - Interest deduction**  
Enter interest income derived from a qualifying contract for deed for the sale of a revenue-producing enterprise to a qualifying beginning businessman.
- **Line 17 - Rental deduction**  
Enter up to \$25,000 of net rental income derived from a qualifying contract for the lease of a revenue-producing enterprise to a qualifying beginning businessman.
- **Line 18 - Gain deduction**  
Enter the taxable part of a gain from the sale of a revenue-producing enterprise to a qualifying beginning businessman.

**Line 19 - Dividend exclusion**

Enter up to \$15,000 of dividend income received from a corporation that has paid North Dakota income tax under N.D.C.C. ch. 57-38 or North Dakota financial institution tax under N.D.C.C. ch. 57-35.3. If the corporation does not conduct 100% of its business in North Dakota, the dividend income must be multiplied by the percentage of business conducted in North Dakota to determine the amount to enter on this line. The percentage is equal to the corporation's apportionment factor reported on the corporation's North Dakota tax return. Contact the corporation to obtain this information.

**Worksheet for line 26 of Schedule 2**

- A.** Amount from Form 1040, line 52 .....
- B.** If applicable, enter amount from Form 1040, line 43 .....
- C.** If applicable, enter taxes from Form 5329, lines 4 and 8 .....
- D.** If applicable, enter the following taxes included on Form 1040, line 58 .....
- Form 4970 tax
  - Section 72(m)(5) excess benefits tax
  - Recapture taxes (but only if Form 37 was used in credit year)
- E.** Add lines **A**, **B**, **C**, and **D** .....
- F.** If applicable, enter amounts from Form 1040, lines 41, 61a, and 63. Include 2001 federal income tax rebate .....
- G.** Subtract line **F** from line **E**. If result is zero or less, enter -0-. Enter this amount on line 26 of Schedule 2 .....

**Line 20 - Venture capital deduction**

Enter up to \$5,000 (\$10,000, if joint return) of an investment in a North Dakota venture capital corporation formed under N.D.C.C. ch. 10-30.1. If you made an investment in a qualified venture capital corporation, the entity is required to give you an investment reporting form. **Attach a copy of the Venture Capital Corporation Investment Reporting Form.**

**Line 23 - Other subtract adjustments**

The following items may be entered on this line. Attach a statement to your return explaining each adjustment claimed on this line.

- Exempt income of a Native American. See **Native Americans** on page 4.
- Retirement, unemployment, and sick pay benefits received from the U.S. Railroad Retirement Board which are included in federal taxable income. **Attach a copy of Federal Form RRB-1099, RRB-1099-R, or both.**
- \$1,750 for adopting a child under the age of 21, provided the child qualifies as a dependent on your federal income tax return and the adoption was finalized in 2001. If married filing separate return, only one spouse may claim this deduction.

- Up to \$1,000 of the costs of adopting a child under the age of 21 who is mentally retarded, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, provided the child qualifies as a dependent on your federal income tax return and the adoption was finalized in 2001.
- \$750 for each adopted child under the age of 21 who is mentally retarded, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, provided the child qualifies as a dependent on your federal income tax return.
- Gain recognized on the sale of property due to the exercise of eminent domain.
- Amount of net income from a new or expanding business that is exempted from income tax under North Dakota's new and expanding industry exemption under N.D.C.C. ch. 40-57.1. For more information, obtain the *Application For New And Expanding Industry Exemption*.
- Amount of net income exempted from income tax under North Dakota's renaissance zone provisions under N.D.C.C. ch. 40-63. Obtain Schedule RZ for more information. **Attach Schedule RZ.**
- Amount of taxable gain from the sale of stock in a corporation that has relocated to North Dakota. The exemption is limited to the excess of

the stock's fair market value on the sale date over its fair market value on the date the corporation relocated to North Dakota. For more information, see N.D.C.C. § 57-38-01.18.

- Amount of income from a pass-through entity subject to North Dakota's financial institution tax. If you hold an interest in this type of entity, the entity is required to provide you with a statement informing you about this adjustment. For more information, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement you received from the entity.**
- State and local income tax refunds reported as income on the federal income tax return, but only if Form 37 (Long Form) was filed for the tax year in which the taxes were deducted on the federal return, and the taxes were added back into income on that state return.

### Line 26 - Federal income tax

Enter the amount from your federal income tax return as follows:

- If you used **Form 1040EZ**, enter the amount from line 11 less line 9a.
- If you used **Form 1040A**, enter the amount from line 34 less lines 39a and 40. Do not include any alternative minimum tax.
- If you used TeleFile to file your federal return, enter the amount from line K (the "Tax" box) less line L (add amounts in both boxes) of your **TeleFile Tax Record**.
- If you used **Federal Form 1040**, complete the worksheet on [page 10](#) to determine the amount to enter here.

**Note:** The amount on this line must be reduced by the 2001 federal income tax rebate.

### Line 28 - Total adjustments from income

Enter the total of lines 7 through 19 plus line 23; however, do not include any of the adjustments for adopted children or the deduction for state and local income tax refunds claimed on line 23.

## Specific line instructions for Schedule 3

### Full-year nonresident or part-year resident only

If you were a full-year nonresident or a part-year resident of North Dakota for the 2001 tax year, you must complete this schedule to calculate your North Dakota taxable income for purposes of Form ND-2.

**Minnesota and Montana residents**—If you were a full-year resident of Minnesota or Montana, and all of your income is exempt from North Dakota tax under the income tax reciprocity agreement, do not complete this schedule. See **Minnesota and Montana residents** on page 4 for more information.

**Joint filers with different states of residence**—If you and your spouse filed a joint federal income tax return and had different states of residence for the 2001 tax year, you must complete Schedule SF before attempting to complete Schedule 3. See **Filing status** on page 7 for more information.

## How to complete Schedule 3

### Step 1

First complete page 2 of Schedule 3 to determine the amounts to enter on lines 1A and 1B on page 1 of Schedule 3. The instructions for page 2 start on this page.

### Step 2

Complete lines 1A through 29 on page 1 of Schedule 3 to calculate your North Dakota taxable income. The [instructions](#) for these lines start on [page 13](#).



## Filing Tip:

*If you call to check on the status of your refund, be sure to have a copy of your return on hand.*

## Instructions for Schedule 3, Part 2, lines 1 through 17

Complete Column A first by filling in the amounts as shown on your federal income tax return. Then complete Column B by filling in the portion of the amount shown in Column A that is derived from North Dakota sources, as explained in the instructions that follow.

**Note: The following instructions for lines 1 through 17 of the worksheet only apply to Column B.**

### Line 1

Include wages, salaries, tips, commissions, bonuses, and other compensation received for services performed in North Dakota while a nonresident, and all compensation received while a North Dakota resident.

**Minnesota resident**—Do not include compensation received for work performed in North Dakota while a Minnesota resident if you maintained a permanent home in Minnesota that you returned to at least once each month.

**Montana resident**—Do not include compensation received for work performed in North Dakota while a Montana resident.

**Interstate commerce employee**—Do not include compensation received for work performed in North Dakota while a nonresident if the compensation was received for the performance of regularly assigned duties in more than one state for a railroad, trucking company, or other interstate motor carrier defined under federal law in 49 U.S.C. 11504.

### Line 2

Include amounts received (or credited to your account) while a North Dakota resident. However, do not include interest from U.S. obligations. Also include your share of North Dakota-source interest and dividends which you



received from a pass-through entity (e.g., a partnership) while a nonresident.

### Line 3

Include net income or loss attributable to the portion of a sole proprietorship operated in North Dakota while a nonresident, and all net income or loss from a sole proprietorship (regardless of where its operations are located) while a North Dakota resident.

**Minnesota resident**—Do not include net income or loss from a personal or professional service business while a Minnesota resident if the income is eligible for income tax reciprocity.

### Line 4

Include net gains and losses from tangible property in North Dakota received while a nonresident, and net gains and losses from all property (regardless of its location) received while a resident. Also include your share of North Dakota-source net gains and losses which you received from a pass-through entity (e.g., a partnership) while a nonresident.

### Line 5

Include amounts received while a North Dakota resident.

### Line 6

Include net income and losses from the rental of tangible property in North Dakota received while a nonresident, and net income and losses from the rental of all property (regardless of location) received while a North Dakota resident.

Include royalties and other income from interests in oil, coal, or other mineral property in North Dakota received while a nonresident, and income from all mineral properties (regardless of location) received while a resident.

Include your share of North Dakota ordinary income or loss, net rental income, and other income not reported on other lines from a pass-through entity (e.g., a partnership) received while a

nonresident, and all similar types of income and losses received from a pass-through entity while a resident.

Include your share of North Dakota-source income and losses from an estate or trust received while a nonresident. Do not include interest, dividends, pensions, or annuities received while a nonresident.

### Line 7

Include net income or loss attributable to the portion of a farm operated in North Dakota while a nonresident, and all net income or loss from a farm (regardless of where it is located) while a North Dakota resident.

### Line 8

Include amounts received while a North Dakota resident, and amounts received from North Dakota sources while a nonresident. Do not include state and local income tax refunds, alimony, and social security benefits received while a nonresident.

**Part-year resident**—To determine the amount of your taxable social security benefits to include on this line, multiply the amount of your total social security benefits received while a resident by a percentage equal to the total taxable portion of your social security benefits

divided by your total social security benefits.

### Line 10

Multiply amount in Column A by a percentage equal to North Dakota compensation for services divided by total compensation reported on federal return. Only include compensation paid by employer sponsoring MSA.

### Line 11

Include moving expenses paid while a North Dakota resident or that were attributable to a move into North Dakota.

### Line 12

Multiply amount in Column A by a percentage equal to North Dakota self-employment income divided by total self-employment income reported on federal return.

### Line 13

Multiply amount in Column A by a percentage equal to North Dakota earned income divided by total earned income reported on federal return.

### Line 14

Multiply the amount of student loan interest by a percentage equal to North Dakota income divided by total income reported on federal return.

## Worksheet for Schedule 3, page 1, line 11

- A.** Amount from Form 1040, line 52 .....
- B.** If a part-year resident, enter amount from Form 1040, line 43, **but only if the foreign income is included on line 1B of Schedule 3** .....
- C.** If applicable, enter taxes from Form 5329, lines 4 and 8 .....
- D.** If applicable, enter the following taxes included on Form 1040, line 58 .....
  - Form 4970 tax
  - Section 72(m)(5) excess benefits tax
  - Recapture taxes (but only if Form 37 was used in credit year)
- E.** Add lines **A**, **B**, **C**, and **D** .....
- F.** If applicable, enter amounts from Form 1040, lines 41, 61a, and 63. Include 2001 federal income tax rebate .....
- G.** Subtract line **F** from line **E**. If result is zero or less, enter -0-. Enter this amount on Schedule 3, page 1, line 11 .....

Include the amount of a penalty on early withdrawal only if the related interest income is included on line 2, Column B. Include alimony paid while a North Dakota resident. For alimony paid while a nonresident, multiply the amount paid by a percentage equal to North Dakota income divided by total income reported on federal return.

## Instructions for Schedule 3, Part 1, lines 1A through 29

Fill in your name and social security number at the top of the schedule. If you were a part-year resident of North Dakota for the 2001 tax year, enter the dates you were a resident of North Dakota and the name of the other state.

### Lines 2 through 8 - North Dakota subtractions

You may be eligible for certain deductions and exclusions with respect to your North Dakota adjusted gross income on line 1B of Schedule 3. See the instructions for lines 7 through 20, and line 23, of Schedule 2 (Form ND-2) on page 9 for the deductions and exclusions that may apply. Except for the adoption deductions listed in the instructions for line 23 of Schedule 2, the income to which the deduction or exclusion relates must be included in the amount on line 1B of Schedule 3.

If you are eligible for any of the adoption deductions listed in the instructions for line 23 of Schedule 2, you must multiply the deduction amount by a ratio equal to your North Dakota adjusted gross income (on line 1B, Schedule 3) divided by your federal adjusted gross income (on line 1A, Schedule 3). (*Note: If line 1B is positive and line 1A is zero or negative, the ratio is 1.00.*)

**Attach a statement on which you identify the deduction or exclusion and show its calculation.**

If you qualify for the deduction for income from a pass-through entity subject to North Dakota's financial

institution tax listed in the instructions for 23 of Schedule 2, you must attach a copy of the statement that you received from the pass-through entity.

### Line 11 - Federal income tax deduction

Enter your federal income tax from your federal income tax return as follows:

- If you used **Form 1040EZ**, enter the amount from line 11 less line 9a.
- If you used **Form 1040A**, enter the amount from line 34 less lines 39a and 40. Do not include any alternative minimum tax.
- If you used TeleFile to file your federal return, enter the amount from line K (the "Tax" box) less line L (add the amounts in both boxes) of your **TeleFile Tax Record**.
- If you used **Form 1040**, complete the [worksheet](#) on [page 12](#) to determine the amount to enter on this line.

**Note:** The amount on this line must be reduced by the 2001 federal income tax rebate.

### Line 15 - North Dakota additions

If you were a part-year resident of North Dakota during the tax year, enter the following amounts if you received them during the part of the year you were a resident of North Dakota:

- Interest income from state and local government obligations (other than North Dakota and its political subdivisions) that is exempt from federal income tax.

- Taxable portion of a lump-sum distribution from a qualified retirement plan that you elected to report on Federal Form 4972. This includes both the ordinary income and capital gain portions.

If your North Dakota adjusted gross income on line 1B of Schedule 3 includes a loss from a pass-through entity subject to North Dakota's financial institution tax, you must enter the loss on this line because it is not deductible for North Dakota income tax purposes. If you hold an interest in this type of entity, the entity is required to provide you with a statement informing you about this adjustment. For more information, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From A Pass-Through Entity Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement you received from the entity.**

### Line 20 - State and local income taxes

If a portion of your federal itemized deductions was disallowed because your federal adjusted gross income exceeded \$132,950 (\$66,475, if married filing separate), complete the [worksheet](#) on this page to determine the amount to enter on this line.

### Line 22 - Standard deduction

Enter your federal standard deduction from your federal income tax return as follows:

#### Worksheet for Schedule 3, page 1, line 20

<b>A.</b>	Amount of state and local income taxes from Schedule A (Form 1040), line 5 .....	_____
<b>B.</b>	Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions .....	_____
<b>C.</b>	Divide line <b>A</b> by line <b>B</b> .....	____ . ____
<b>D.</b>	Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions .....	_____
<b>E.</b>	Multiply line <b>D</b> by line <b>C</b> .....	_____
<b>F.</b>	Subtract line <b>E</b> from line <b>A</b> . Enter this amount on Schedule 3, page 1, line 20 .....	_____

- If you used **Form 1040A**, enter amount from line 22.
- If you used **Form 1040**, enter amount from line 36.
- If you used TeleFile to file your federal return, enter the amount from line J (the "Standard Deduction" box) of your **TeleFile Tax Record**.
- If you used **Form 1040EZ**, the amount to enter on this line depends on how you answered the question on line 5 of Form 1040EZ—
  - **No.** If you answered "No," enter \$4,550, if single; or \$7,600, if married.
  - **Yes.** If you answered "Yes," complete the [worksheet](#) on this page to determine the amount to enter on this line.

### Line 24 - Exemptions

Enter your federal exemption amount from your federal income tax return as follows:

- If you used **Form 1040A**, enter amount from line 24.
- If you used **Form 1040**, enter amount from line 38.
- If you used TeleFile to file your federal return, enter the amount from line J (the "Exemption Amount" box) of your **TeleFile Tax Record**.
- If you used **Form 1040EZ**, the amount to enter on this line depends on how you answered the question on line 5 of Form 1040EZ—
  - **No.** If you answered "No," enter \$2,900, if single; or \$5,800, if married.

- **Yes.** If you answered "Yes," enter \$0, if you are single, or you are married and both you and your spouse can be claimed as dependents by other taxpayers; or \$2,900, if you are married and only you or your spouse can be claimed as a dependent by another taxpayer.

## Specific line instructions for Tax Computation Schedule

### All Form ND-2 filers

*Rounding of numbers is permitted on this schedule except for the tax, credits, withholding, and estimated tax amounts.*

### Line 3 - Credit for income tax paid to another state

If you were a full-year resident or part-year resident of North Dakota, you may be eligible for a credit for income tax paid to another state on income that is also taxed by North Dakota. Obtain Schedule 4 for details. **Attach copies of Schedule 4 and the other state's return.**

### Lines 4 and 5 - Credit for contribution to qualifying private high school or college

If you made a charitable contribution to a qualifying nonprofit private high school or college in North Dakota, you may qualify for a credit. Contributions do not qualify unless they are made directly to, or are specially designated for the

exclusive use of, a qualifying school. Contributions to a fund that benefits both qualifying and nonqualifying schools do not qualify for the credit. A contribution may be made up to the due date or extended due date of your return. Following are the qualifying schools in each category of institution:

#### High school category

- St. Mary's Central High School (Bismarck)
- Dakota Memorial High School (Minot)
- Dickinson Trinity High School (Dickinson)
- Shiloh Christian School (Bismarck)
- Shanley High School (Fargo)
- Dakota Adventist Academy (Bismarck)
- Oak Grove Lutheran High School (Fargo)
- Johnson Corners Christian Academy (Watford City)
- Our Redeemer's Christian School (Minot)
- Anne Carlsen School (Jamestown)
- Bishop Ryan High School (Minot)
- Trinity Christian School (Williston)
- Prairie Learning Education Center (Raleigh)

#### College category

- University of Mary (Bismarck)
- Trinity Bible College (Ellendale)
- Jamestown College (Jamestown)
- ND Independent College Fund

The credit allowed for *each* category of school is equal to the lesser of (1) 50% of the contributions made to all schools in the category, (2) 40% of the tax on line 2 of the Tax Computation Schedule, or (3) \$250. Enter the credit on the applicable line. **Attach a statement identifying the qualifying school along with a copy of a receipt or canceled check (front and back).**

### Line 6 - Long-term care insurance credit

If you paid premiums on a long-term care insurance policy covering yourself, your spouse, child, parent, or stepparent, you are eligible for a credit equal to the lesser of (1) 25% of the premiums paid during the year or (2) \$100 multiplied by

### Worksheet for Schedule 3, page 1, line 22

<b>A.</b> Amount from Form 1040EZ, line 1 .....	_____
<b>B.</b> Earned income add-on .....	<b>250.00</b>
<b>C.</b> Add lines <b>A</b> and <b>B</b> .....	_____
<b>D.</b> Minimum amount .....	<b>750.00</b>
<b>E.</b> Enter LARGER of line <b>C</b> or line <b>D</b> .....	_____
<b>F.</b> Maximum amount. Enter \$4,550, if single; or \$7,600, if married .....	_____
<b>G.</b> Enter SMALLER of line <b>E</b> or line <b>F</b> . Enter this amount on Schedule 3, page 1, line 22 .....	_____

the number of qualifying persons covered by the policy. **Attach a statement showing the name of the insurance company, the policy number, and the amount of premiums paid during the year.**

### **Line 7 - Other income tax credits**

The following income tax credits are allowed on Form ND-2:

- You may qualify for a credit if you installed a qualifying geothermal, solar, or wind energy device on property you own or lease in North Dakota. The credit is equal to 3 percent of the total cost of acquisition and installation, and is allowed in each of five tax years beginning with the tax year in which the installation is completed. For information on what qualifies, obtain the brochure *North Dakota Tax Incentives For Solar, Wind, Or Geothermal Devices*. **Attach a statement describing the device, a detailed list of the costs of acquisition and installation, and the date the device was completely installed.**
- If you paid wages to a developmentally disabled or chronically mentally ill employee, you are eligible for a credit equal to 5 percent of the first \$6,000 of wages paid during the first twelve months of employment. In any tax year, the credit must be calculated on the wages paid during the tax year. The amount of the credit allowed in any tax year is further limited to 50 percent of the tax on line 2. **Attach a statement showing the name and social security number of the employee, the start date of employment, and amount of wages paid during the tax year.**
- If you paid for the cost of care of a family member to prevent the placement of the family member in a long-term care facility, you may be eligible for a credit. Obtain Schedule FC for details. **Attach a copy of Schedule FC.**

- Credits are available for certain investments in a North Dakota Renaissance Zone. Obtain Schedule RZ for details.
- If you made an investment in a qualified business for purposes of the agricultural commodity processing facility investment credit under N.D.C.C. ch. 57-38.6, you may be eligible for a credit. The qualified business is required to provide you with an investment reporting form that verifies the investment, and explains the credit and how to calculate it. **Attach a copy of the investment reporting form.**

### **Lines 8, 9, 10, and 11 - Venture capital investment credits**

Credits are available for making an investment in any of the following:

- **Line 8**—North Dakota venture capital corporation formed under N.D.C.C. ch. 10-30.1.
- **Line 9**—North Dakota Small Business Investment Company (SBIC) formed under N.D.C.C. ch. 10-30.2.
- **Line 10**—Certified nonprofit development corporation formed under N.D.C.C. § 10-33-124.
- **Line 11**—Qualified business for purposes of the seed capital investment credit under N.D.C.C. ch. 57-38.5.

If you made an investment in any of the above entities, the entity is required to give you an investment reporting form. The instructions to the investment reporting form explain how to determine the allowable credit. Enter the credit on the applicable line. **Attach a copy of the applicable investment reporting form.**

### **Line 17 - Application of overpayment to next year's estimated tax**

If you have an overpayment on line 16, you may elect to apply part or all of it to your 2002 estimated tax. If you make this election, you may not change the election or the amount you applied after you file your return.

### **Lines 18 and 19 - Voluntary contributions**

If you have an overpayment on line 16, you may make a voluntary contribution of part or all of your overpayment to the Watchable Wildlife Fund or the Trees For North Dakota Program Trust Fund (or both) by entering on the applicable line the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will reduce your refund.

### **Lines 22 and 23 - Voluntary contributions**

If you have a tax due on line 21, you may make a voluntary contribution to the Watchable Wildlife Fund or the Trees For North Dakota Program Trust Fund (or both) by entering on the applicable line the amount you wish to contribute. If contributing, you must contribute at least \$1.00. A contribution will increase your balance due.

### **Line 24 - Balance due**

The balance due (including the amount, if any, from line 25) must be paid in full with your return. Make your check or money order payable to "State Tax Commissioner." A late payment is subject to penalty and interest charges—see **Penalty and interest** on page 6.

### **Line 25 - Interest on underpaid estimated tax**

If you were required to pay estimated North Dakota income tax, but you did not pay enough or you paid it late, interest is charged on the underpayment or late payment. To determine if you owe interest, obtain and complete Form 400-UT. An amount on this line will reduce your refund or increase your balance due. If lines 16 and 21 are zero, and the amount on this line is at least \$5.00, enclose your check or money order for this amount with your return.

**Attach a copy of Form 400-UT.**



## School district codes

- If you were a **full-year resident** or **part-year resident** of North Dakota, find the code number for the school district in which you resided during the 2001 tax year. Enter the number in the box at the top of Form ND-2.
- If you were a **full-year nonresident**, enter the number 54-000 in the box at the top of Form ND-2.

School District Address	School District	Code No.	School District Address	School District	Code No.	School District Address	School District	Code No.			
Adams	ND	Adams 128	50-128	Halliday	ND	Halliday 19	13-019	Oriska	ND	Oriska 13	02-013
Alexander	ND	Alexander 2	27-002			Twin Buttes 37	13-037	Page	ND	Page 80	09-080
Almont	ND	Sims 8	30-008	Hankinson	ND	Hankinson 8	39-008	Park River	ND	Park River 78	50-078
Amidon	ND	Central Elem. 32	44-032	Harvey	ND	Harvey 38	52-038	Parshall	ND	Parshall 3	31-003
Anamoose	ND	Anamoose 14	25-014	Hatton	ND	Hatton 7	49-007	Pembina	ND	Pembina 1	34-001
Ashley	ND	Ashley 9	26-009	Hazelon	ND	Haz-Mof-Brad 6	15-006	Pettibone	ND	Pettibone-Tuttle 11	22-011
Baldwin	ND	Baldwin 29	08-029	Hazen	ND	Hazen 3	29-003	Pingree	ND	Pingree-Buchanan 10	47-010
Beach	ND	Beach 3	17-003	Hebron	ND	Hebron 13	30-013	Plaza	ND	Plaza 137	31-137
Belcourt	ND	Belcourt 7	40-007	Hettinger	ND	Hettinger 13	01-013	Pollock	SD	Union 12	15-012
Belfield	ND	Belfield 13	45-013	Hillsboro	ND	Hillsboro 9	49-009	Powers Lake	ND	Powers Lake 27	07-027
Berthold	ND	Berthold 54	51-054	Hoople	ND	Valley 12	34-012	Ray	ND	Nesson 2	53-002
Beulah	ND	Beulah 27	29-027	Hope	ND	Hope 10	46-010	Reeder	ND	Reeder 3	01-003
Binford	ND	Midkota 7	20-007	Hunter	ND	Northern Cass 97	09-097	Regan	ND	Regan 2	08-002
Bisbee	ND	Bisbee-Egeland 2	48-002	Hurdsfield	ND	Pleasant Valley 35	52-035	Rhame	ND	Rhame 17	06-017
Bismarck	ND	Bismarck 1	08-001	Inkster	ND	Midway 128	18-128	Richardton	ND	Richardton-Taylor 34	45-034
		Naughton 25	08-025	Jamestown	ND	Jamestown 1	47-001	Robinson	ND	Robinson 14	22-014
		Apple Creek 39	08-039	Kenmare	ND	Kenmare 28	51-028	Rock Lake	ND	N Central 28	48-028
		Manning 45	08-045	Kensal	ND	Kensal 19	47-019	Rogers	ND	N Central 65	02-065
Bottineau	ND	Bottineau 1	05-001	Killdeer	ND	Killdeer 16	13-016	Rolette	ND	Rolette 29	40-029
Bowbells	ND	Bowbells 14	07-014	Kindred	ND	Kindred 2	09-002	Rolla	ND	Mt. Pleasant 4	40-004
Bowman	ND	Bowman 1	06-001	Kulm	ND	Kulm 7	23-007	Roseglen	ND	White Shield 85	28-085
		Sheets 14	44-014	Lakota	ND	Lakota 66	32-066	Rugby	ND	Rugby 5	35-005
Butte	ND	Butte 62	28-062	LaMoure	ND	LaMoure 8	23-008	Sawyer	ND	Sawyer 16	51-016
Buxton	ND	Central Valley 3	49-003	Langdon	ND	Langdon 23	10-023	Scranton	ND	Scranton 33	06-033
Calvin	ND	Border Central 14	10-014	Lankin	ND	Lankin 39	50-039	Selfridge	ND	Selfridge 8	43-008
Cando	ND	Southern 8	48-008	Lansford	ND	Lansford 35	05-035	Sheldon	ND	Sheldon 2	37-002
Carrington	ND	Carrington 10	16-010	Larimore	ND	Larimore 44	18-044	Sherwood	ND	Sherwood 2	38-002
Carson	ND	Roosevelt 18	19-018	Leeds	ND	Leeds 6	03-006	Sheyenne	ND	Sheyenne 12	14-012
Cartwright	ND	Horse Creek 32	27-032	Lidgerwood	ND	Lidgerwood 28	39-028	Sidney	MT	Earl 18	27-018
Casselton	ND	Central Cass 17	09-017	Lignite	ND	Burke Central 36	07-036			Bowline Butte 19	27-019
Cavalier	ND	Cavalier 6	34-006	Linton	ND	Linton 36	15-036	Solen	ND	Solen 3	43-003
Center	ND	Center 18	33-018	Lisbon	ND	Lisbon 19	37-019	South Heart	ND	South Heart 9	45-009
Colfax	ND	Richland 44	39-044	Litchville	ND	Litchville 52	02-052	Spiritwood	ND	Spiritwood 26	47-026
Cooperstown	ND	Griggs County		Maddock	ND	Maddock 9	03-009	St. Anthony	ND	Little Heart 4	30-004
		Central 18	20-018	Makoti	ND	N Shore 158	51-158	St. John	ND	St. John 3	40-003
Crosby	ND	Divide County 1	12-001	Mandan	ND	Mandan 1	30-001	St. Thomas	ND	St. Thomas 43	34-043
Des Lacs	ND	United 7	51-007			Sweet Briar 17	30-017	Stanley	ND	Stanley 2	31-002
Devils Lake	ND	Devils Lake 1	36-001	Mandaree	ND	Mandaree 36	27-036	Stanton	ND	Stanton 22	29-022
Dickinson	ND	Dickinson 1	45-001	Mantador	ND	Mantador 5	39-005	Starkweather	ND	Starkweather 44	36-044
Dodge	ND	Dodge 8	13-008	Manvel	ND	Manvel 125	18-125	Steele	ND	Steele-Dawson 26	22-026
Drake	ND	Drake 57	25-057	Mapleton	ND	Mapleton 7	09-007	Sterling	ND	Sterling 35	08-035
Drayton	ND	Drayton 19	34-019	Marion	ND	Marion 9	23-009	Strasburg	ND	Strasburg 15	15-015
Dunseith	ND	Dunseith 1	40-001	Marmarth	ND	Marmarth 12	44-012	Surrey	ND	Surrey 41	51-041
Edgeley	ND	Edgeley 3	23-003	Max	ND	Max 50	28-050	Sykeston	ND	Sykes 39	52-039
Edinburg	ND	Edinburg 106	50-106	Mayville	ND	May Port CG 14	49-014	Tappen	ND	Tappen 28	22-028
Edmore	ND	Edmore 2	36-002	McClusky	ND	McClusky 19	42-019	Thompson	ND	Thompson 61	18-061
Elgin	ND	Elgin-New Leipzig 49	19-049	McKenzie	ND	McKenzie 34	08-034	Tioga	ND	Tioga 15	53-015
Ellendale	ND	Ellendale 40	11-040	McLeod	ND	Salund 10	37-010	Tower City	ND	Maple Valley 4	09-004
Emerado	ND	Emerado 127	18-127	McVile	ND	Dakota Prairie 1	32-001	Towner	ND	TGU 60	25-060
Enderlin	ND	Enderlin 22	37-022	Medina	ND	Medina 3	47-003	Trenton	ND	Eight Mile 6	53-006
Fairmount	ND	Fairmount 18	39-018	Medora	ND	Billings Co. 1	04-001	Turtle Lake	ND	Turtle Lake-Mercer 72	28-072
Fairview	MT	Yellowstone 14	27-014	Menoken	ND	Menoken 33	08-033	Tuttle	ND	Tuttle-Pettibone 20	22-020
Fargo	ND	Fargo 1	09-001	Milnor	ND	Milnor 2	41-002	Underwood	ND	Underwood 8	28-008
Fessenden	ND	Fessenden-Bowden 25	52-025	Minnewaukan	ND	Minnewaukan 5	03-005	Valley City	ND	Valley City 2	02-002
Finley	ND	Finley Sharon 19	46-019	Minot	ND	Minot 1	51-001	Velva	ND	Velva 1	25-001
Flasher	ND	Flasher 39	30-039			Nedrose 4	51-004	Verona	ND	Verona 11	23-011
Fordville	ND	Fordville 79	50-079			Bell 10	51-010	Wahpeton	ND	Wahpeton 37	39-037
Forman	ND	Sargent Central 6	41-006			Eureka 19	51-019	Walhalla	ND	Walhalla 27	34-027
Ft. Ransom	ND	Ft. Ransom 6	37-006			S Prairie 70	51-070	Warwick	ND	Warwick 29	03-029
Ft. Totten	ND	Ft. Totten 30	03-030			Air Force Base 160	51-160	Washburn	ND	Washburn 4	28-004
Ft. Yates	ND	Ft. Yates 4	43-004	Minto	ND	Minto 20	50-020	Watford City	ND	McKenzie Co 1	27-001
Gackle	ND	Gackle-Streeter 56	24-056	Mohall	ND	Mohall 9	38-009	West Fargo	ND	West Fargo 6	09-006
Garrison	ND	Garrison 51	28-051	Montpelier	ND	Montpelier 14	47-014	Westhope	ND	Westhope 17	05-017
Glen Ullin	ND	Glen Ullin 48	30-048	Mott	ND	Mott-Regent 1	21-001	Wildrose	ND	Wildrose-Alamo 91	53-091
Glenburn	ND	Glenburn 26	38-026	Munich	ND	Munich 19	10-019	Williston	ND	Williston 1	53-001
Golden Valley	ND	Golden Valley 20	29-020	Napoleon	ND	Napoleon 2	24-002			New 8	53-008
Golva	ND	Lone Tree 6	17-006	Neché	ND	Neché 55	34-055	Willow City	ND	Willow City 13	05-013
Goodrich	ND	Goodrich 16	42-016	New England	ND	New England 9	21-009	Wilton	ND	Montefiore 1	28-001
Grafton	ND	Grafton 3	50-003	New Rockford	ND	New Rockford 1	14-001	Wimbledon	ND	Wimbledon-Courtenay	
		Nash 51	50-051	New Salem	ND	New Salem 7	30-007			82	02-082
Grand Forks	ND	Grand Forks 1	18-001	New Town	ND	New Town 1	31-001	Wing	ND	Wing 28	08-028
		Air Force Base 140	18-140	Newburg	ND	Newburg United 54	05-054	Wishek	ND	Wishek 19	26-019
Grenora	ND	Grenora 99	53-099	Northwood	ND	Northwood 129	18-129	Wolford	ND	Wolford 2	35-001
Gwinner	ND	N Sargent 3	41-003	Oakes	ND	Oakes 41	11-041	Wyndmere	ND	Wyndmere 42	39-042
Hague	ND	Bakker 10	15-010	Oberon	ND	Oberon 16	03-016	Zeeland	ND	Zeeland 4	26-004



## **A Farewell to the *CENTENNIAL TREES PROGRAM* and Welcome to *TREES FOR NORTH DAKOTA***

*The Sunset...* On Arbor Day, May 4, 2001, the state sunset the Centennial Trees Program. The Centennial Trees Program will be remembered as a great opportunity to get all North Dakotans involved in planting a living legacy to serve as a lasting reminder for future generations. Truly a "Peoples' Celebration" and a chance for everyone to look forward to a better tomorrow and help make it happen by planting trees today.

The Centennial Trees Program engaged those eager to remember our past, willing to take an active role in the present, and devoted to influencing the future. Each of 74,149,806 trees planted toward the goal of "100 million trees by the year 2000" stand as a testament to North Dakotan's perseverance and immovable faith in the future.

*The Future...* Tree planting is a part of North Dakota's past, its present and its future. Recognizing the on-going need and long-term benefits of trees, the 2001 North Dakota Legislature enacted law to roll-over the Centennial Trees Trust Fund into a "Trees for North Dakota" Trust Fund. Many of the successful efforts initiated during the centennial decade will be continued beyond the year 2000. The North Dakota Forest Service invites your

continued financial support.

Please enter your voluntary contribution on the 2001 North Dakota Individual Income Tax Return. On the ND-1, look for Line 29 on the *Overpayment Return* and Line 33 on the *Tax Due Return*. On the ND-2, use Line 19 on the *Overpayment Return* or Line 23 on the *Tax Due Return*.



***Give today and plant trees  
for tomorrow!***

**For more information contact:**

Office of the State Forester  
North Dakota Forest Service

307 First Street East, Bottineau, ND 58318-1100

Tel: 701-228-5422 Fax: 701-228-5448 Email: [forest@state.nd.us](mailto:forest@state.nd.us) Visit our website: [www.state.nd.us/forest](http://www.state.nd.us/forest)

## Farewell to the *Centennial Trees Program* and Welcome to “*Trees for North Dakota*”

To continue many of the successful efforts initiated during the centennial decade, please support *Trees for North Dakota* activities. Enter your voluntary contribution on the 2001 North Dakota Individual Income Tax Return. On the ND-1, look for Line 29 on the *Overpayment Return* and Line 33 on the *Tax Due Return*. On the ND-2, use Line 19 on the *Overpayment Return* or Line 23 on the *Tax Due Return*.

### Centennial Trees Count

The final Centennial Trees Count is 74,149,806 trees planted toward the Centennial Trees Goal of “100 million trees by the year 2000.”

### Centennial Trees Bowl

At the eleven Centennial Trees Bowls, 33,200 trees were distributed to 131,294 fans. Trees Awards Winners were presented with 138 awards.

### Family Forests

Since 1996, over \$150,000 in grant funds were provided to 90 communities. More than 42,800 trees have been planted in 173 “Family Forests.”

### Living Snow Fences

Beginning in 1998, 35 counties initiated 288 projects. Approximately 487 miles of trees are scheduled to be planted to protect 137 miles of roads. To date, \$1,129,900 in grant funds have been committed for projects.

### School Tree Program

Since 1989, school children have planted 544,615 trees as a result of the School Tree Program! More than 270 schools participated each year.

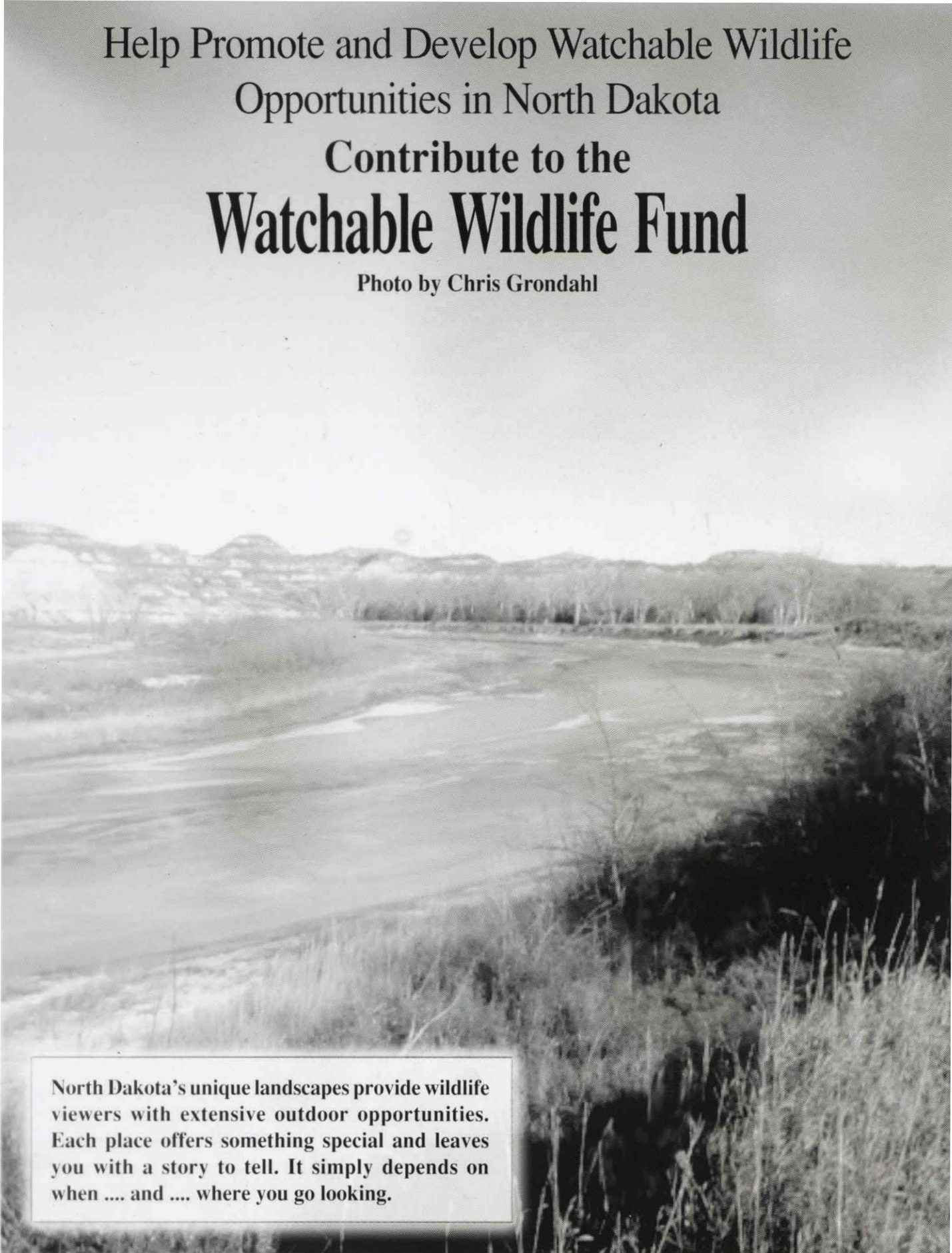
### Patch Program

Girl and Boy scouts from across the state earned 551 Centennial Trees Patches and 119 stars.



Help Promote and Develop Watchable Wildlife  
Opportunities in North Dakota  
Contribute to the  
**Watchable Wildlife Fund**

Photo by Chris Grondahl



North Dakota's unique landscapes provide wildlife viewers with extensive outdoor opportunities. Each place offers something special and leaves you with a story to tell. It simply depends on when .... and .... where you go looking.

Support North Dakota's

# Watchable Wildlife Fund

**To contribute, see your state tax form  
or consult your tax preparer.**

## **Your Contributions Have Helped Fund:**

- Outdoor Wildlife Learning Sites (OWLS)
- Bluebird Conservation Workshops and Bluebird Trails
- Cross Ranch State Park Nature Center
- Nursing Home Bird Feeder Project in Over 100 ND Communities
- Endangered Species Habitat Protection Projects
- Outdoor and Wildlife Photography Workshops
- Wildlife Viewing Guides for North Dakota
- Grants to Scouts and Other Civic Organizations for Wildlife Projects
- Watchable Wildlife Workshops
- Educational Wildlife Programs to Schools and Communities
- Grants to Wildlife Rehabilitators
- Winter Bird Feeding Survey and Workshops

The Watchable Wildlife Fund is a program of the North Dakota Game and Fish Department. All contributions are tax deductible.

For more information, contact:  
North Dakota Game and Fish Department  
100 N. Bismarck Expressway  
Bismarck, ND 58501  
701-328-6300

# How to assemble your return

To assist us in processing your return as efficiently as possible, please assemble your documents in the order shown in the list below.

1. Form ND-2.
2. Schedule 3, if required.
3. Schedule 4, if required.
4. All other official North Dakota schedules and forms required to be attached (except Form 101).
5. Form W-2s and Form 1099s.
6. Copy of federal tax return.
7. Supporting statements required in instructions.
8. Copy of other state's return, if Schedule 4 was completed.
9. Copy of federal extension form or Form 101, if applicable.

Enclose your check or money order made payable to **State Tax Commissioner**. Do not send cash.

# Before mailing . . .

- Make sure that you entered your name, correct mailing address, and social security number on the return. If married, include your spouse's social security number.
- Double-check your math.
- Make sure you included all of your Form W-2s and any Form 1099 showing North Dakota income tax withheld.
- Check to see that all required schedules and supporting statements are included.
- Enclose a complete copy of your federal tax return—see [Copy of federal return](#) on page 6.
- Sign your return. If filing a joint return, your spouse also must sign. **IMPORTANT:** Any return missing a signature will be returned to the taxpayer.
- Use adequate postage.
- Make a copy of the return for your records.



## *Filing Tip:*

*Make sure you sign your return. If you and your spouse are filing jointly, both of you must sign. And, if you paid someone to prepare your return, make sure the preparer signs the return too.*

# Need help with your federal return?

If you need federal tax forms, have federal tax questions, or would like to find out where you can find IRS walk-in services, you may contact the IRS in one of the following ways.

## Telephone assistance

- **Federal tax questions** ..... **1-800-829-1040**  
**TTY/TDD** ..... **1-800-829-4059**

This is the IRS's toll-free number. Call this number if you have a question about your federal tax return or an IRS notice, need a transcript or copy of your return, or have questions on other federal tax matters.

- **Ordering forms and publications** ..... **1-800-829-3676**

Call this number to order federal tax forms and informational publications.

- **Recorded tax and refund information** ..... **1-800-829-4477**

Call this number to listen to pre-recorded information on a wide variety of federal tax topics or to check the status of your federal income tax refund. Please allow at least 4 weeks after you file your return (3 weeks if you filed electronically) before calling about the status of your refund, and be sure to have your social security number, filing status, and exact whole-dollar amount of your refund available when you call.

## Web site

Access the IRS's Web site 24 hours a day, 7 days a week ..... [www.irs.gov](http://www.irs.gov)

## Walk-in service

In North Dakota, walk-in services are available Monday through Friday, 8:00 a.m. to 4:30 p.m., at the following IRS office locations:

### **Bismarck**

Dacotah Foundation Building  
Suite 7A  
600 South 2nd Street

### **Fargo**

Federal Building  
Room 470  
657 2nd Avenue North

### **Grand Forks**

Federal Building  
Room 137  
102 North 4th Street

### **Minot**

Federal Building  
Room 311 or 312  
100 1st Street Southwest



# Need forms or assistance?

If you need a form or schedule not included in this booklet, or if you have a question about preparing your North Dakota return . . .

## Call

Toll free (within North Dakota)—

**1-800-638-2901**

In the Bismarck-Mandan area, or  
from outside North Dakota—

- Questions: (701) 328-1032
- Forms: (701) 328-3450

If speech or hearing impaired—call us through Relay North Dakota—

1-800-366-6888 (*Ask for 1-800-638-2901*)

## Visit our Web site

On our Web site, you will find the following resources:

- Tax forms
- Income tax guidelines
- Electronic filing information
- Income tax statutes
- Calendar of due dates, public meetings, and workshops
- Press releases
- On-line message service

Our Web site address is:

[www.ndtaxdepartment.com](http://www.ndtaxdepartment.com)

## Come in to see us

You may stop in to see us in person at our main office in Bismarck. You will find us in the—

Individual Income Tax Section  
State Capitol, 16th Floor  
Monday through Friday  
8:00 a.m. to 5:00 p.m.

## Write

Office of State Tax Commissioner  
State Capitol, 16th floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0599

## E-mail us

You may request forms, ask us a question, or send a message to us via e-mail. Our address is:

**[individualtax@state.nd.us](mailto:individualtax@state.nd.us)**

Or go to our Web site at:

[www.ndtaxdepartment.com](http://www.ndtaxdepartment.com) (click on **Feedback**)

## Fax

You may fax your request or question to (701) 328-3700.

## Need to obtain a copy of your return or other information?

To obtain a copy of your return or information about your estimated tax payments, etc., you must submit a written request (by mail or fax) to our office. Include the following items in your request:

- Your name(s) and current address.
- Your social security number(s).
- Daytime telephone number.
- Description of the information desired.
- Tax year(s) involved.
- Your signature(s).

Our mailing address and fax number are shown above.

## Need to check the status of your refund?

You may call our office at (701) 328-3450 to check the status of your refund. If you chose direct deposit, please check with your bank first to see if your refund has been deposited into your account before calling our office. If you do call our office, please have the following information available:

- Your name.
- Your social security number.
- Your filing status from your return.
- **Exact** amount of your refund.

The above information must match our records or no information will be released.

*Allow 6 weeks after filing your refund before calling us about your refund.*